

Remarks by Ambassador James Costos
Nueva Economia Forum
9:00 AM, Tuesday, July 1st, 2014
“Alliances Matter”

Good morning. I'd like to thank Jose Luis and Francisco for their kind words, and for the opportunity to talk with you in this prestigious forum.

The title of my speech today is “Alliances Matter.” Given the swirl of complex global challenges we see on the news these days, I think the topic is pretty timely. It's clear that we no longer live in an age where countries can afford to go it alone. The world is too big, its problems are too complex, and their solutions require more resources than a single nation can muster.

The United States has long recognized this – it is one of the reasons we helped create NATO in 1949, to provide security on both sides of the Atlantic; why we wholeheartedly support the EU in its mission to unite a Europe whole, free, and at peace; and why we join organizations like the OSCE, which promotes the democratic principles of a community of nations.

The United States supports multilateralism, because, while sometimes messy, it can mobilize enormous resources and impart moral authority. But while we firmly believe friends and allies should work in coalition to enhance our ability to face challenges, we also understand that multinational efforts rely on a foundation of effective bilateral partnerships.

By working country to country, we can pivot quickly to seize opportunities, leverage resources to advance shared goals, and build on past achievements that are the fruits of decades or even centuries of working together. Effective multilateral efforts require deep and enduring bilateral partnerships... for example, between partners like the United States and Spain.

I want to talk today about why the U.S. – Spain alliance matters, why the results of our partnership have a tremendous impact around the globe, and why in almost every field, and ways you probably weren't aware – both of our countries can do more, working together, to the benefit of our peoples.

So, this morning, I'd like to give you a few examples. And I'll start with what is at the forefront these days – the economy. The United States and Spain are important trading partners. Spain is the 9th largest and one of the fastest growing investors in the United States, with over 52 billion dollars in direct investment. Subsidiaries of Spanish firms in the U.S. employ over 80,000 American workers. In parallel, the United States is one of the largest investors in Spain, having invested over 31 billion dollars as of 2012, and U.S. companies employ several hundred thousand Spaniards.

However this relationship is about more than just statistics – it's about the innovation and growth fuelled by our economic ties, which leads to lasting benefits on both sides. For example, look at CAF, the Spanish transportation company. Building on its experience in the Spanish market, CAF has expanded, innovated, and recently won a 118 million dollar contract for the supply of 24 light rail vehicles to Boston's metro system.

Ford Motor Company, which has invested over 1.5 billion euro in Spain, has created a state of the art manufacturing facility in Valencia to produce vehicles for the European market, and the United States as well. Closer to my heart, I recently had the privilege of announcing that the popular HBO series "Game of Thrones" is scouting locations to film its sixth season right here in Spain. Through my previous experience in the industry, I was able to help sell Spain as a country that offers magnificent locations, but also the type of highly skilled, world-class professionals needed to pull-off the production of one of the highest-quality shows on television. And in return, HBO will benefit from a cross-pollination of creative talent, and captivate viewers with a program enriched by Spain's beautiful landscapes and history. The same can be said of Ridley Scott's *Exodus*, a movie whose work in the Canary Islands last year injected an estimated 9 million euros into the local economy and employed hundreds of people.

Although we can put a numerical figure on these kinds of success stories, I actually believe the benefits of these kinds of exchanges are unquantifiable. And that's why we are committed to making our economic relationship more dynamic, and we are finding new areas in which to cooperate. Our Commercial Section works with hundreds of Spanish and American businesses interested in trans-Atlantic investment and trade. We travel all over the country talking with companies interested in the U.S. market, and stand ready to help American businesses who are increasingly interested in Spain.

The more interconnected our economies are, the more we both stand to gain. That's why the United States is so committed to the Transatlantic Trade and Investment Partnership.

We want to see the U.S.-EU economic relationship - the world's largest - expand even further, and add to the more than 13 billion jobs already supported by transatlantic trade and investment. While these negotiations are taking place in a multilateral context, the EU's lead negotiator is a Spaniard, a respected individual with whom we have a strong relationship. He has been a vocal supporter of this process, particularly here in Spain, because no country has more to gain from TTIP.

Much of the U.S.-Spanish economic relationship is based on the export areas that would be expanded by the reduction in tariffs and regulatory barriers envisioned under TTIP. Because TTIP hopes to fully eliminate unnecessary tariffs, export companies in Spain would immediately be able to access a U.S. market that is already interested in Spanish products.

TTIP will also reduce costs by eliminating unnecessary regulatory obstacles between our two markets, while maintaining the protections that our citizens expect. And so, working together, within a multilateral context, Spain and the United States are committed to pursuing a historic, high-standard agreement that will bring enormous benefits to both our markets.

While I am on the subject of the economy, I want to briefly address the subject of Intellectual Property Rights. I wasn't sent to Madrid from Hollywood to pressure or lecture anyone on this subject. But I would be remiss in my mission to promote stronger bilateral economic ties if I didn't draw attention to the fact that the lack of effective IPR protections and enforcement mechanisms in Spain costs both Spanish and multinational companies millions of dollars and hampers investment in this country.

Spain's most valuable resource is its incredibly smart and talented workforce. The culture and entertainment industry in Spain generates 4% of Spanish GDP and directly creates more than 500,000 jobs. With improved IPR protection, this industry could grow considerably over the coming years, but adequate legal protections are required to enable it to meet its full potential.

I see my role as a bridge between the United States and Spain on this issue. For years, the U.S. struggled with the same set of challenges, especially with regard to

enforcement and public awareness of the TRUE effect of this crime. By sharing experiences and connecting key players in industry and government to discuss common approaches, we are doing our part to help ensure meaningful action is taken against digital piracy and that citizens are aware of the very real costs.

Of course we care about the effect piracy has on American companies operating in Spain, but we also want to protect a Spanish cultural industry, as I said earlier, that is important to this country's economy. And I personally want to see to it that when Game of Thrones comes back to Spain for its seventh season, there is a thriving film community in which they can work.

I'd also like to address the subject of our cooperation in the field of education – a relationship that has recently, I'm proud to note, been recognized with a very prestigious honor. Since 1958, the U.S. – Spain Fulbright Commission has sent more than 7,000 U.S. and Spanish students and educators on exchanges between our two countries.

Through this program, generations of the U.S. and Spain's best and brightest have been given the opportunity to pursue their academic goals while learning from each other, ultimately, benefiting their host countries.

For example, drawing on his experiences as a Fulbright scholar, Angel Cabrera, created The Oath Project, an international initiative to establish a code of conduct for business leaders, and pioneered efforts to educate women entrepreneurs in emerging markets. Cabrera is now president of George Mason University in the United States. Or Chris McCoy, who studied for his PhD in engineering at the University Politecnica here in Madrid. Chris worked at the Instituto Empresa and, inspired by his experiences in Spain, founded "Hands-On Rapid Innovation," an on-line course on how to create, execute, and understand market tests to better assess the potential of a product or service.

Co-funded by the U.S. and Spanish governments, and supported by generous donors from public and private organizations, the Fulbright program enjoys broad recognition for its role in knitting our societies more closely together.

There are literally hundreds of examples of how Spaniards and Americans, enriched by their Fulbright experiences, are generating opportunities for citizens in both our countries. I could not be more proud that the program was recently honored with the Prince of Asturias Award for International Cooperation.

Because we believe in the power of exchange, for both its cultural and economic benefits, we want to do as much as we can to promote it. Huge numbers of American students and tourists come to Spain every year, and vice versa. And we want to do everything we can to expand this connection.

For that reason we support the efforts of Marca Espan, to raise awareness about Spain as a destination in the United States. As a matter of fact, we recently collaborated with the New York Times on their “36 Hours in Madrid” travel feature, highlighting some of the places we have come to know and love in this city.

And we have chosen to host our 4th of July celebration this year at Conde Duque, to further highlight Madrid as a world-class destination.

The power of exchange is also one of the reasons why we fund the American Spaces program. American Spaces are centers that provide information on the United States to Spaniards and the educational opportunities available there. They promote the study of English, and serve as a hub for Spanish alumni of U.S. exchange programs. Last year, we officially opened an American Space in Valencia, and signed a Memorandum of Understanding to open another one here in Madrid.

Through these initiatives, we are committed to providing platforms throughout Spain that connect our two societies, through some really fantastic programs.

On a related note, responding to the enormous interest from Spaniards looking to harness U.S. – style entrepreneurship, we are working with several partners to connect with potential innovators, support mentorship programs, and create educational tools. We do this because we know that in today’s global economy, an entrepreneur’s impact transcends borders. For example, look at Antonio Ruiz Jimenez, who is featured in our embassy video series on entrepreneurial values called You® Company. Antonio is a Spaniard who started his own company in the U.S., then created a foundation to connect worthy projects with interested donors. He also created an “Innovators Fund” which invests in emerging and creative business models. Antonio has been recognized by the White House for his efforts not only to create jobs, but also for his talent at connecting people. And he’s not even 30 years old yet!

Turning to the topic of science, I just had the privilege of attending the fifty year anniversary celebration of the Deep Space Network, just outside of Madrid. More people should know that Spain hosts one of NASA’s communications satellites,

which are crucial to U.S. missions in space. When Neil Armstrong's and Buzz Aldrin's *Eagle* first landed on the moon – that information was received right here in Spain, and since then, virtually every deep space mission that NASA has ever undertaken has been supported by the "interplanetary wifi" here in Spain. This means that almost all of the data that has been collected from spacecraft beyond planet Earth's orbit was gathered with Spain's help, and that U.S. – Spain cooperation has been fundamental to improving mankind's understanding of outer space.

And as another result of this partnership, Spain's National Institute for Aerospace Technology, or INTA, which hosts the Spanish station of the network, has grown into a cutting edge agency and a pioneer in aerospace technology. In fact, the American space rover "Curiosity" that is currently located on Mars is using a weather system developed by INTA, to capture data that may prove crucial to our understanding of climate change.

In security cooperation, an area where some of our most important joint successes are often less visible – Spanish and American law enforcement officials have worked side by side for decades to keep citizens of both our nations safe. This relationship has saved lives and severed linkages between criminal and terrorist organizations. It has seized illicit funds and weapons. And it has brought criminals and terrorists to justice in the United States, Spain, and other countries.

Many of our successes fly under the radar, but let me offer just a few examples of how our security cooperation is benefiting both our nations. In 2011, the United States and Spain worked together to help disrupt a global drug trafficking network that resulted in the arrest of 68 individuals, the dismantling of five cocaine laboratories in Spain, and the seizure of eight million euros. In 2012, U.S. – Spanish information sharing led to the disruption of an Al – Qaeda terrorist plot to use remote-controlled aircraft to carry out attacks in Spain and elsewhere in Europe. And in 2013, our cooperation disrupted one of the largest money laundering operations in history. There are numerous more examples like this, and in all honestly, many would not necessarily make headlines.

But the reality is that the daily coordination between our law enforcement and intelligence agencies is doing so much. Like protecting our financial networks. Keeping drugs off the streets. Disrupting organized crime, and even foiling terrorist attacks.

Related to this, some people may recall the stories of the unauthorized NSA disclosures last year, so let me go ahead and address that now. The programs that were referred to in some of that reporting are national security programs that have played a critical role in protecting citizens of the United States, but they have also been instrumental in coordination with our allies and safe-guarding their citizens as well. We acknowledge that some of our closest partners, including Spain, raised concerns following the alleged disclosures last fall. We have and will continue to use diplomatic channels to address the questions that have been raised.

And we have been able to effectively work through this issue because we recognize the enormous benefits our security partnership brings to both sides.

I also want to briefly address our joint humanitarian efforts. For years, the United States has coordinated around the world with the Spanish Agency for International Cooperation and Development, to address global development needs, particularly in Latin America and South Asia. And last year, we worked with the Spanish government to establish a warehouse in the Canary Islands that allows us to pre-position supplies and foodstuffs to support global food security efforts. This warehouse ensures that our assistance can quickly reach communities in need, specifically in Africa. And as a result, in the last few months, Spain has played a key role in ensuring that emergency food supplies have made it to countries like Chad, Mali, Niger, and Mauritania.

Finally, I come to the topic of defense. For more than sixty years, Spain and the United States have enjoyed a close and productive defense partnership. President Obama underlined this fact when he received President Rajoy in the Oval Office this past January and assessed that “security cooperation between the United States and Spain has never been stronger.” I’ve saved this subject for last because, although it is perhaps the most visible element of our partnership, it also the most misunderstood. While it is true that our defense ties are important, they by no means define our relationship. I hope I’ve convinced you of that this morning. Although the United States certainly draws enormous benefits from our partnership in this area, our cooperation undeniably supports Spanish interests as well.

For example, last month, the U.S. and Spain recently welcomed the second of four U.S. destroyers that will be home ported at the Spanish base in Rota. The COOK and the ROSS, and her two sister ships - all to be based alongside the Spanish fleet - represent a significant joint contribution by the United States and Spain to trans-Atlantic security and to NATO Ballistic Missile Defense. U.S. ships, operating

from Rota, will provide the backbone for our Alliance's protection of all European populations against the threat of a ballistic missile attack.

Spain is also hosting a special U.S. marine task force in Morón. This task force is charged with protecting U.S. diplomatic facilities in Africa, but their activities also support stability operations in an area of concern to both the United States and Spain. Since the task force arrived here last April, its members have been sent to Africa four times, including to South Sudan, to help evacuate U.S. and allied civilians.

And although you may be familiar with this principal responsibility, you may not realize that a core component of the Marines' broader mission is joint training with allied militaries. The vast majority of training these specially trained Marines undertake involves working closely with their Spanish counterparts in Morón and Rota, and as part of multilateral exercises in Europe. It's not just the Marine task force, but all of our military components in Spain that place a high priority on joint training with their Spanish counterparts. Last year alone we conducted over 70 bilateral exercises. This is very much central to our broader, shared security goals, because with joint training comes improved interoperability. This is not only in Spain's interests, but also vital to maintaining NATO's strength and capability. You only need to look at the newspapers for a reminder of the importance of keeping the Trans-Atlantic Alliance prepared.

On issues farther afield, U.S. and Spanish ships are working together in a task force that combats piracy off the Horn of Africa, keeping international waters open for the maritime commerce that is also important to both our economies. From the Spanish bases in Rota and Morón, U.S. and Spanish aircrews enable the French-led UN mission in Mali. And with regard to Syria, the United States and Spain are cooperating to implement a UN plan to eliminate the Syrian regime's chemical weapons arsenal. Spain recently hosted the U.S. ship specially equipped to destroy the weapons at sea as it waited to receive its cargo. When that arsenal is eliminated, the United States and Spain will have played an important part, together, in making sure that the Assad regime can no longer carry out chemical weapons attacks against its people.

I'd also like to mention that the U.S. military presence in Spain provides both strategic and practical benefits.

At a time when many in Spain are still struggling with the financial crisis, the economic contributions of our defense partnership are significant. In 2013, U.S. military forces based in Moron and Rota injected more than 150 million euro into

the Spanish economy through contracts and services, and provided more than 3,500 jobs for full time and contract Spanish personnel. U.S ship visits in 2013 brought in millions of dollars in business to the ports of Malaga, Mallorca, Palma, Rota and others. In addition, Spanish shipbuilder Navantia received a 229 million dollar multi-year contract to provide state-of-the-art maintenance to the U.S. destroyers in Rota – also supporting Spanish jobs in an important industry.

However, I don't want to overemphasize these numbers.

Any associated economic benefits pale before the incredible importance, bilaterally and globally, of having the United States and Spain standing shoulder-to-shoulder to address the serious threats we must counter - together. I hope I've illustrated the fact that the U.S.-Spain defense cooperation is not a static partnership. It translates into daily action, with worldwide implications, and significant dividends for our collective security.

To conclude - from outer space to piracy to entrepreneurship - the United States - Spain alliance matters. As the Ambassador, is it my job to nurture this relationship – and make sure that it works for both of our countries. But this is not just about government to government – it is about people to people, and relationships, and how the things we do together have a real impact on the issues that matter, to Spain and the United States, and also to the global community. And so, in closing, I hope I have convinced you that we all have a stake in nurturing our strong ties, and that this relationship is enormously valuable to both of our countries, and to our people.